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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

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3 WESTON CAPITAL ADVISORS, INC.,  
4 ET AL.,

Plaintiffs,

v.

14 CV 4469 (PAC)

6 PT BANK MUTIARA, TKB,

7 Defendant.

8 -----x

9 New York, N.Y.  
10 November 3, 2016  
12:10 p.m.

11 Before:

12 HON. PAUL A. CROTTY

13 District Judge

14 APPEARANCES

15 MANUEL & ROSENFELD, LLP  
Attorney for Plaintiffs  
16 BY: CHARLES B. MANUEL, JR.

17 TUCKER LEVIN, PLLC  
Attorney for Plaintiffs  
18 BY: DUNCAN P. LEVIN

19 QUINN EMANUEL URQUHART & SULLIVAN  
Attorneys for Defendant  
20 BY: MARC LAURENCE GREENWALD  
ANDREW PETER MARKS  
21 DANIEL RICKERT KOFFMANN

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1 (In open court; case called)

2 MR. MANUEL: Good morning, your Honor. Charles Manuel  
3 for plaintiff. With me today is Duncan Levin of Tucker Levin.  
4 He has filed an appearance in the case.

5 THE COURT: Great. Thank you.

6 MR. LEVIN: Good morning, your Honor.

7 MR. GREENWALD: Mark Greenwald, Andrew Marks and  
8 Daniel Koffmann of the law firm Quinn Emanuel on behalf of  
9 defendant Bank Mutiara. Good afternoon, your Honor.

10 THE COURT: Well Mr. Manuel do you want to start by  
11 bringing me up to date.

12 MR. MANUEL: Yes, your Honor. The Second Circuit  
13 addressed the appeal in two parts. One is what I would call  
14 the appeal or the expanded contempt order and the other is the  
15 appeal of the award of legal fees of approximately six hundred  
16 thousand dollars to Quinn Emanuel.

17 In a footnote in the decision on the contempt appeal,  
18 the Second Circuit indicated that upon remand of the matter the  
19 plaintiffs could make a further presentation of proof regarding  
20 inability to pay the expanded contempt sanction.

21 And on the appeal from the fee award the Second  
22 Circuit has indicated that it would afford the Court and  
23 counsel, of course, the opportunity to review an issue that we  
24 raised during the appeal of the fee award, an issue regarding  
25 activities of Bank Mutiara, Federal Bank of the Middle East,

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1 and Quinn Emanuel in connection with a proceeding that was  
2 separate from but contemporaneous with the proceedings in this  
3 Court with respect to contempt. And the Second Circuit stated  
4 that as to this additional matter it is ordered that  
5 appellant's motion to supplement the record and for remand is  
6 denied without prejudice to the District Court informing this  
7 Court that it would grant a motion to supplement the record and  
8 reconsider its order awarding attorneys' fees under Federal  
9 Rule of Appellate Procedure 12.1.

10 Your Honor, this action became a quite substantial  
11 matter in the Second Circuit in connection with motion  
12 practice, with our motion for reconsideration and for  
13 supplementation of the record.

14 I have a volume of the papers that were submitted in  
15 connection with that matter that I think might assist the Court  
16 in its consideration of this matter. And I'd like to hand it  
17 up. I've given a copy to defense counsel.

18 THE COURT: Have you paid any of the money that you  
19 owe the defendants? Have you taken any steps to purge yourself  
20 of contempt?

21 MR. MANUEL: Your Honor, we have not paid any of the  
22 money. We have not been able to pay the money. The company  
23 has been only able to continue its operations. But --

24 THE COURT: So the relief you want to give me a stack  
25 of papers and ask me to do what?

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1 MR. MANUEL: What we would like to do is set up a  
2 schedule for addressing the two matters that we believe are  
3 appropriately subject for remand here, the two matters that I  
4 have identified. One is the issue of ability to pay and the  
5 other is the issue of the matters raised in connection with the  
6 fee appeal and, in particular, our request for reconsideration  
7 of the ruling on that regard. And we can proceed reasonably  
8 expeditiously here. There are proceedings taking place  
9 elsewhere globally that do have some bearing on the second  
10 matter in particular. It involves some very serious matters.  
11 You'll see that in the papers that we submitted to the Second  
12 Circuit. And, therefore, what we'd like to do is make a  
13 submission to the Court, recommend a schedule for further  
14 consideration and briefing on these two matters.

15 THE COURT: And what would happen if I were to deny  
16 the application?

17 MR. MANUEL: Then your Honor would be I think  
18 responding to the Second Circuit's notification on remand but I  
19 believe that this should be given very careful consideration,  
20 your Honor.

21 THE COURT: Mr. Greenwald.

22 MR. GREENWALD: Thank you, your Honor.

23 Two different issues. One is the contempt order as to  
24 the other entities. The circuit affirmed this court's order as  
25 well as the escalating fines. The escalating fines as of today

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1 are approximately \$46,200 million. And I don't think we need  
2 motion practice to know that at this point those are not going  
3 to succeed -- further escalation of those fines are not going  
4 to succeed in getting Mr. Liegey and his web of entities to pay  
5 the money that he owes the defendant in this case. But they  
6 continue. And they haven't made any effort to make any  
7 demonstration as to their ability to pay anything, the original  
8 amount, the fees, the interest, or the fines. But we would  
9 consent to the Court changing the escalation so it no longer  
10 escalates or even diminishing that.

11 The question of attorneys' fees. The Court ordered in  
12 its original order that we could apply for attorneys' fees. We  
13 put in the amount of fees. They didn't oppose it. The Court  
14 entered an order awarding us the attorneys' fees we sought.  
15 That amount was unopposed and their appeal, we submit, is  
16 frivolous. There's nothing to appeal. The basis for the  
17 attorneys' fees was the original order of contempt which has  
18 been affirmed. The amount wasn't even opposed. There is  
19 nothing to appeal.

20 They want to supplement the record with the same kind  
21 of innuendo and misunderstanding of the record that, on a  
22 motion they have no reason to believe the Court would ever  
23 reconsider. And Rule 12.1 of the Federal Rules of Appellate  
24 Procedure would just allow the Court to tell the Court of  
25 Appeals, yes, I would reconsider the order being appealed. But

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1 they're not providing this Court with any basis to reconsider  
2 the attorneys' fees order. So we would submit there is no  
3 reason to allow further motion practice to reconsider an order  
4 that this Court entered unopposed and basically already  
5 affirmed by the Circuit.

6 We would suggest what Bank Mutiara is interested in is  
7 getting back the \$3.6 million that was originally improperly  
8 taken from it. And we would suggest that there are two courses  
9 of action, unless they start repaying it and show some effort.  
10 One would be a referral from this Court to the U.S. Attorney's  
11 Office for potential criminal contempt because Mr. Liegey and  
12 his entities continue thumbing its nose at this Court's order.

13 The other would be something that would be unusual but  
14 we think supported by the case law, which we would make a  
15 motion to actually get judgment. And the judgment we would  
16 seek would be ownership of all of the entities which appear to  
17 be worth less than \$3.6 million; otherwise, they could monetize  
18 those assets and be able to pay us back and try and cure the  
19 contempt.

20 And the reason that would be valuable to Bank Mutiara  
21 is because Liegey and his entities are engaged in a worldwide  
22 effort to take these, what we think are improper judgments from  
23 Mauritius and go to Hong Kong and Singapore and different  
24 jurisdictions trying to sue Bank Mutiara all over the world.  
25 If Bank Mutiara owned the entities, it would get value from

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1 that by directing the counsel in those cases to cease those  
2 actions. And that would end the litigation in this Court and  
3 also end the litigation all over the world.

4 It's not a usual procedure in a contempt action.

5 THE COURT: Nothing about this case is usual.

6 MR. GREENWALD: And we're at a loss as to how to make  
7 Bank Mutiara whole. All these years later when we haven't been  
8 paid back a dime.

9 THE COURT: So now what about the Second Circuit's  
10 order that, with respect Mr. Manuel correctly read the last  
11 paragraph. Accordingly the -- it is ordered that appellant's  
12 motion to supplement the record and for remand is denied  
13 without prejudice to the District Court informing this Court  
14 that it would grant a motion to supplement the record and  
15 reconsider its order awarding attorneys' fees and so forth.  
16 What should I do to comply with that?

17 MR. GREENWALD: If they made a motion in this Court to  
18 reconsider this Court's order of attorneys' fees or to  
19 supplement the record, the Court can consider it. But there is  
20 absolutely --

21 THE COURT: At the present time the papers that  
22 Mr. Manuel wants to tender are what?

23 MR. MANUEL: They are simply the papers that were  
24 filed in the Second Circuit with respect to that.

25 THE COURT: Are they a motion to reconsider,

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1 Mr. Manuel?

2 MR. MANUEL: That's what we are proposing to do, your  
3 Honor. We're not doing that today but we're proposing to  
4 establish a schedule for that motion.

5 THE COURT: What do the papers say?

6 MR. MANUEL: These are the papers submitted by both  
7 sides in connection with the applications that Mr. Greenwald  
8 has referred to.

9 Mr. Greenwald simply reiterated the contentions he  
10 made to the Second Circuit on this very issue and the Second  
11 Circuit did not accept those contentions. He wanted to dismiss  
12 this matter. And they didn't dismiss it. They referred back  
13 to your Honor.

14 THE COURT: Well, okay.

15 MR. MANUEL: It's an extremely serious matter. And it  
16 includes the fact, your Honor, that --

17 THE COURT: I'll tell you what is an extremely serious  
18 matter, Mr. Manuel, with all due respect, is your client's  
19 continuing thumbing his nose at the legitimate orders of this  
20 Court. That's what's really offensive.

21 MR. MANUEL: Your Honor, with all due respect  
22 Mr. Liegey has done nothing of the kind. But what we have  
23 here, and what we've presented to the Second Circuit --

24 THE COURT: That's not what I say. That's what you  
25 say.



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1 MR. MANUEL: What we presented to the Second Circuit,  
2 your Honor, is a clear record that in December of 2014, as we  
3 were in the midst of addressing this matter, Bank Mutiara took  
4 \$8 million of money laundered funds that it had in its  
5 possession as so-called -- part of a so-called settlement of a  
6 another litigation, which was a sham settlement, a fraudulent  
7 settlement. They paid that money over to Quinn Emanuel. This  
8 was \$8 million paid to Quinn Emanuel at a time when our  
9 judgments would have been fully enforceable in England where  
10 that proceeding took place. They slipped out \$8 million. They  
11 never disclosed it. They buried it in their financials. That  
12 \$8 million, your Honor, would have satisfied the 3.6 million  
13 two times over and then some and this entire matter would have  
14 been out of the way. It would have been done. This was all  
15 done as a massive fraud, a massive scheme of money laundering.  
16 And this is an extremely serious matter. They stole \$8 million  
17 from a client of Federal Bank of the Middle East in the course  
18 of an arbitration in London. Quinn Emanuel was smack in the  
19 middle of that process, your Honor. We believe that they  
20 orchestrated the process. And this occurred again in December  
21 of 2014 after their own expert witness in the London proceeding  
22 had told them chapter and verse in an 80-page memorandum that  
23 the case that they were supposedly handling, in case they  
24 didn't already know it, was not a case involving repo  
25 transactions but was a case involving one of the most massive

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1 schemes of money laundering that that expert had ever seen.

2 THE COURT: Mr. Manuel to cut to the chase here what  
3 is it that you want to do?

4 MR. MANUEL: There was the 3.6 million times two, your  
5 Honor. What we want to do is make a presentation to this Court  
6 showing that that's what they did, that we could and would have  
7 satisfied it. Nobody in London would have made the mistake  
8 that Kelley Drye & Warren made here. On proper notice we would  
9 have attached that \$8 million. The money would have been paid  
10 to this Court and we would have been out of this matter back at  
11 that time. And the Second Circuit said better think about this  
12 some more. And that's what we are proposing to do. We believe  
13 that this matter should be briefed and fully addressed by the  
14 Court.

15 THE COURT: What about the supplement the record to  
16 reconsider its order awarding attorneys' fees?

17 MR. MANUEL: Yes, your Honor. That's what I'm  
18 referring to. That is to say, this was the matter that was  
19 raised in motion practice before the Second Circuit. This was  
20 information that came to our attention only after the briefing  
21 had been completed in the Second Circuit. It was new matter  
22 and that's why we propose reconsideration. Now the Second  
23 Circuit has referred it to you and that's what we want to  
24 address.

25 THE COURT: The materials that you want to submit to

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1 me are what?

2 MR. MANUEL: Today all I'm submitting --

3 THE COURT: Let me finish, please. You're talking  
4 while I'm talking. I hadn't finished.

5 MR. MANUEL: Yes. I'm sorry.

6 THE COURT: The records that you want to submit to me  
7 today are the materials that entitle you to reconsideration of  
8 the attorneys' fees?

9 MR. MANUEL: This is a limited package of material.  
10 These are the materials that were submitted to the Second  
11 Circuit. We will have additional matters that we would like to  
12 submit to the Court in connection with the actual  
13 reconsideration motion.

14 THE COURT: Do you have to submit them? Can't we get  
15 those are from the Second Circuit, Marlon?

16 THE DEPUTY CLERK: We can but we would appreciate hard  
17 copies, your Honor.

18 MR. MANUEL: We do have a volume of the hard copies  
19 here. I've given a copy to the other side.

20 THE COURT: Then you want to move to reconsider the  
21 attorneys' fees?

22 MR. MANUEL: Yes, your Honor. And we certainly would  
23 incorporate these papers as part of the packet but there would  
24 be additional materials that we would like to submit.

25 THE COURT: And Mr. Greenwald what do you say?

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1 MR. GREENWALD: Can I just explain what Mr. Manuel is  
2 talking about just so that our position is clear.

3 THE COURT: Yes.

4 MR. GREENWALD: So Bank Mutiara was sued by FMEE, a  
5 Middle Eastern bank, in a London private arbitration relating  
6 to a transaction done by the prior corrupt owner of Bank  
7 Mutiara. In that arbitration Quinn Emanuel's London office  
8 represented Bank Mutiara. And one of the documents used in the  
9 arbitration was an expert opinion by a banking expert saying  
10 that the transaction between the Middle Eastern bank and the  
11 prior owner, corrupt owner had indicia of money laundering.  
12 That was the defense of Bank Mutiara.

13 The case then settled. And the settlement was paid by  
14 Bank Mutiara sending the settlement proceeds to Quinn Emanuel's  
15 client trust account, the way settlements are frequently done,  
16 and then Quinn Emanuel paying the plaintiff in the arbitration.  
17 Bank Mutiara then disclosed in its financials we had this  
18 arbitration, we settled it for \$8 million, and we settled by  
19 sending it to Quinn Emanuel's London office for payment. That  
20 ends the case.

21 So what Mr. Manuel is doing, he has now found this  
22 expert report that was submitted as part of the arbitration and  
23 it has the word "money laundering." So he has money laundering  
24 and he has money going to Quinn Emanuel, therefore, ipso facto,  
25 Quinn Emanuel is engaged in money laundering. That's the

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1 allegation he is making.

2 It makes absolutely no sense, not to mention the whole  
3 notion that somehow when Bank Mutiara settles this action in  
4 London they could take that money and use it to repay Bank  
5 Mutiara who they owed the \$3.6 million dollars in this Court.  
6 That makes no sense either.

7 And now they're saying, Judge, the attorneys' fees  
8 application, which we didn't oppose the amount, and which the  
9 basis for has already been affirmed by the Circuit, we should  
10 have you reconsider based on our misunderstanding of the record  
11 in London. But we submit there is no reason to do that. But  
12 if they want to keep multiplying the proceedings, I don't know  
13 that --

14 THE COURT: Isn't the best way to resolve this to  
15 allow them to make this filing and make his motion for  
16 reconsideration, for you to respond to that, and then for me to  
17 decide what is appropriate in the circumstances. I mean how  
18 else are we going to do it?

19 MR. GREENWALD: It's frustrating, but your Honor is  
20 correct.

21 THE COURT: All right. When do you want to make your  
22 motion?

23 MR. MANUEL: We can do that -- we don't feel that this  
24 has to be super expedited, your Honor. So I would suggest  
25 that --

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1 THE COURT: You say it's an emergency. We've  
2 already -- you act as though you're shocked by this but this  
3 conference was supposed to be a month ago.

4 MR. MANUEL: I'm not suggesting that we're in an  
5 emergency situation, your Honor. I'm suggesting that we've got  
6 some very serious matters to address which have been completely  
7 mischaracterized by opposing counsel. But that will be  
8 addressed in our papers.

9 I would propose early December for our papers. Given  
10 the holidays perhaps early January or a date that counsel for  
11 defendant can suggest for opposing papers.

12 THE COURT: When do you want to submit your papers?

13 MR. MANUEL: I'm sorry, your Honor?

14 THE COURT: When do you want to submit your papers?

15 MR. MANUEL: A month from today.

16 THE COURT: Friday, December 2.

17 MR. MANUEL: Yes.

18 THE COURT: Mr. Greenwald.

19 MR. GREENWALD: Two weeks, your Honor.

20 THE COURT: That would be the 16<sup>th</sup>.

21 MR. GREENWALD: Yes.

22 MR. MANUEL: And a week if we could for a reply, your  
23 Honor.

24 THE COURT: The 23rd. Okay.

25 MR. MANUEL: There is another matter connected with

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1 this, your Honor.

2 THE COURT: Yes.

3 MR. MANUEL: What you will see in the papers that we  
4 will be submitting is that what occurred in London involved not  
5 only money laundering, not only the transfer of funds, not only  
6 fraudulent reporting of Bank Mutiara's reports, not only Quinn  
7 Emanuel taking of \$8 million as a legal fee under false  
8 information and pretenses, but also collusion between Quinn  
9 Emanuel and its alleged opposing counsel in that proceeding.  
10 In that case Quinn Emanuel was at least nominally representing  
11 Bank Mutiara. The complainant in that case, Federal Bank of  
12 the Middle East, was purportedly nominally represented by Hogan  
13 Lovells.

14 How does that tie in to what has happened in this  
15 court? It ties in, yes, for legal fees but also to the  
16 repayment of money. Your Honor may recall that there was a  
17 hearing before you in which you approved a refund of some of  
18 the legal fees that had been paid to Kelley Drye -- excuse me  
19 to Hogan Lovells and, yes, to Kelley Drye. Kelley Drye  
20 refunded \$175,000 which is what it had been paid in the matter.  
21 Hogan Lovells rather mysteriously only refunded \$100,000 out of  
22 1,000,250. And it's actually -- we could show a million seven  
23 that had been paid to it by Weston. And we were not direct  
24 participants in that process. But we were mystified that  
25 Mr. Greenwald and Quinn Emanuel had settled for such a low

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1 amount. If there had been a much larger amount, if there had  
2 been a much larger refund by Hogan Lovells, then the \$3.6  
3 million would have been reduced accordingly. Instead, Hogan  
4 Lovells walks away with a hundred thousand dollar payment.

5 We now believe that we have the story behind that  
6 payment, your Honor. This proceeding in London was in no way  
7 an arm's length proceeding. It was in no way as Mr. Greenwald  
8 characterized it as --

9 THE COURT: You know, I've heard enough now. What do  
10 you want to do with this?

11 MR. MANUEL: What I would like to do is be able to  
12 make an application with respect to the Hogan Lovells money.  
13 Hogan Lovells walked out of here with a net of between a  
14 million one hundred fifty and a million six. And now we know  
15 why a mere hundred thousand dollars was paid back.

16 It's our position that the entire amount should be  
17 paid back. And we believe that we can show that there, in  
18 fact, has been collusion between Hogan Lovells and Quinn  
19 Emanuel that brought about this nominal repayment which in turn  
20 leaves us with a much larger amount to repay.

21 THE COURT: Mr. Greenwald, this is bordering on  
22 fantasy now.

23 MR. GREENWALD: Hogan Lovells it was their counsel.  
24 We tried to get as much as we could. We got what we thought we  
25 could get. We would have loved to get more, but in our



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1 client's view the -- what we got from Hogan Lovells was the  
2 best we could do in the circumstances. If they want to get  
3 money back from Hogan Lovells --

4 THE COURT: They should sue Hogan Lovells.

5 MR. GREENWALD: They should sue Hogan Lovells.

6 THE COURT: You know it would really help you,  
7 Mr. Manuel, if Mr. Liegey would come up with some of the money  
8 that he clearly owes. So if you want to file a separate  
9 lawsuit against Hogan Lovells, that's fine with me. But I'm  
10 not going to entertain this in the context of this lawsuit.  
11 It's got nothing to do with it.

12 So you make your motion by Friday, December 2.  
13 Mr. Greenwald will respond by the 16<sup>th</sup>. You reply by the  
14 23<sup>rd</sup> and I'll decide the matter promptly.

15 Mr. Greenwald, I think your suggestion about stopping  
16 the compounding effect of the contempt order makes some sense.  
17 Do you want to submit a proposed order on that?

18 MR. GREENWALD: Yes, your Honor. We'll do that.

19 THE COURT: Anything else?

20 MR. MANUEL: Nothing from plaintiff, your Honor.

21 THE COURT: Mr. Greenwald?

22 MR. GREENWALD: No, your Honor.

23 THE COURT: Thank you very much.

24 (Adjourned)  
25